

MAXIMUS CALIFORNIA HEALTHY FAMILIES PROJECT

Internal Audit Report
Single Point of Entry (SPE)

June 1, 2007 to May 31, 2008

Internal Audit Report – SPE (Single Point of Entry)
May 31, 2008

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SECTION ONE

Internal Auditor's Report

SECTION ONE – INTERNAL AUDITOR’S REPORT

Mr. Bruce Caswell, President, MAXIMUS Operations Group
Reston, Virginia

We performed tests of management’s assertions about the internal control structure with respect to the SPE (Single Point of Entry) processing performed by the MAXIMUS California Healthy Families Project (the Project) and its compliance under contract 02MHF026 with the State of California Managed Risk Medical Insurance Board (MRMIB) (Specified Requirements) related to the California Healthy Families program and the Access for Infants and Mothers program (the Programs) during the period June 1, 2007 through May 31, 2008. We also performed tests of the compliance with the Project’s Process Procedures, Work Instructions, and Business Rules over SPE processing. The Project’s Process Procedures, Work Instructions, and Business Rules are meant to assure compliance by the Project with the contract provisions. Management of the Project is responsible for the Project’s compliance with the contract requirements. Our responsibility is to express an opinion on the Project’s compliance (management’s assertions) based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Project’s compliance with the Specified Requirements, including compliance with the Project’s Process Procedures, Work Instructions, and Business Rules over SPE processing, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Project’s compliance with the Specified Requirements.

Because of inherent limitations in any internal control structure, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods are subject to the risk that the internal control structure may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management’s assertions with respect to the internal control structure of the SPE processing performed by the Project and its compliance with the Specified Requirements related to the Programs during the period June 1, 2007 through May 31, 2008, and compliance with the Project’s Process Procedures, Work Instructions, and Business Rules over SPE processing were sufficient to meet the stated objectives.

This report is intended solely for the information and use of MAXIMUS Operations Group and the MRMIB, and the auditors of the State of California and is not intended to be and should not be used by anyone other than those specified parties.

Lurie Besikof Lapidus & Company, LLP

Lurie Besikof Lapidus & Company, LLP
June 25, 2008

SECTION TWO

Executive Summary

SECTION TWO – EXECUTIVE SUMMARY

Overview

This report summarizes the results of our internal audit procedures related to the Single Point of Entry (SPE) processing performed by the MAXIMUS California Healthy Families Project (the Project). The report covers any exceptions noted during the testing procedures of the SPE process and any recommendations to improve the controls in the SPE process.

Our testing relied on statistically valid sampling of participant applications to discover any exceptions to the SPE contract provisions. Our tests resulted in the discovery of no errors and, as a result, we feel that the Project's SPE operating controls in place during the period June 1, 2007 through May 31, 2008, are producing the desired processing and monitoring results using a 95% confidence level plus or minus 5% accuracy.

Tests Performed

Our procedures were designed to test the SPE processing performed by the Project and its compliance under the contract with the State of California Managed Risk Medical Insurance Board (MRMIB) related to the California Healthy Families program and the Access for Infants and Mothers program (the Programs) during the period June 1, 2007 through May 31, 2008. The following are the assertions tested based on the contract provisions.

- Initial Application Processing; Record Tracking; File Clearance; SPE Callback
Per Contract Exhibit A, Sect. IV.A – The Contractor shall conduct all SPE functions including initial application processing; record tracking; file clearance; and SPE callback functions.
All SPE functions are being performed completely and accurately.
- Application Screening for the California Healthy Families Program (HFP) or Full Scope No-Cost Medi-Cal
Per Contract Exhibit A, Sect. IV.B – The Contractor shall screen each application in the order of receipt to determine whether there are persons eligible for full scope no-cost Medi-Cal.
All applications received are accurately and completely screened for no-cost Medi-Cal in the order they are received.
Appropriate member information is obtained.
The SPE specialist accurately and completely performs a search (using various parameters) for the Client Index Number (CIN) through the system. In addition, a Medi-Cal Eligibility Data System (MEDS) and a Statewide Client Index (SCI) search is performed. The SCI and MEDS searches are conducted to determine if the member is already known to the State or Local database. If the child is not known, a new CIN is assigned.
- SPE Quality Control (QC) Process
All applications screened to the County (No-Cost Medi-Cal or County Welfare Department (CWD)) at SPE are 100% QC checked before the applications are forwarded to the County.
A CWD QC specialist reviews each application for accuracy before approving.

- Image Assembly

Per Contract Exhibit A Sect. IV.A – All eligible covered family members shall be linked through the unique family member number. The contractor shall have an Image Assembly Unit with a special software module to assure that no documentation is lost or unidentified.

The specialists accurately link documentation received to the appropriate department and process within the SPE Business Cycle as specified below:

- a. Scanned documents are reviewed for legibility and re-scanned if necessary.
- b. Documents are matched to client records already in existence in the database if appropriate.
- c. Documents are matched to existing Family Member Number (FMN)/applications if appropriate.
- d. Associated images are automatically routed to SPE Data Entry, Eligibility, Annual Eligibility Renewal (AER) and research work queue as appropriate.

- Accelerated Eligibility for Medi-Cal

Per Contract Exhibit A Sect. B. Number 3 – Accelerated Medi-Cal coverage is an authorization of full Medi-Cal coverage (under a special aid code) prior to a CWD determination of eligibility for the month the application is received and until a full eligibility determination is made by the CWD. This Medi-Cal coverage is based on the SPE income screening indicating apparent no-cost Medi-Cal eligibility for children. In order for a child to be eligible for Accelerated Eligibility for Medi-Cal coverage, the child must also meet the following conditions:

- 1) The child is 18 years or younger in the effective month;
- 2) The child does not have an Active Medi-Cal case (Share-of-Cost Medi-Cal or No-Cost Medi-Cal);
- 3) The child has California residency;
- 4) The child is not on the HFP Bridging program in the month of or the month prior to the date in which Accelerated Medi-Cal Enrollment (AE) would be established;
- 5) The child does not reside in a public institution;
- 6) The applicant provides enough information to assign a Client Index Number; and
- 7) The applicant is not a non-custodial parent.

Where appropriate and the information is available, children eligible for Accelerated Eligibility for no-cost Medi-Cal are enrolled accurately and appropriately for full Medi-Cal coverage (under a special aid code) prior to a CWD determination of eligibility for the month the application is received and until a full eligibility determination is made by the CWD.

- SPE Call Center

Out bound calls to obtain SPE missing information and retrieving and/or returning voice mail messages left in the Voice Mail System from callers related to CAHFP / SPE Activities are performed according to contract requirements. These requirements include:

- At least five (5) Call Back attempts are placed to applicants informing them that missing documentation is needed to enroll in the Health Families Program or for Medi-Cal. Attempts to reach the applicant at varying hours throughout the days including an attempt on Saturday.
- All calls are required to be documented.

- All valid retrieved voice mail calls must be documented.
- All voice mail messages left during and after normal operational hours will be returned the next business day if possible and no later than 2 business days.

Sampling Method

Where sampling was performed, a random selection algorithm was utilized. The sample quantity selected assumed an infinite population with a 95% confidence level, a 5% expected error rate in the population, and 5% error rate in sampling and testing.

Recommendations

Although our testing procedures did not result in any exceptions, we do have recommendations to enhance existing controls in the Project. While these enhancements do not reflect deficiencies in the existing controls, they do represent opportunities to improve the controls around the storage of documents received by the Project.

Hardcopy documents are currently stored in the file room located on the second level of the Folsom MAXIMUS facility. The hardcopy documents are stored after they have been scanned and the image of the document has been stored in the case management system.

When physical documents leave the file room (e.g. a hard copy is needed to comprehend the content of the illegible soft copy), their movements are not currently tracked. We recommend the following enhancements:

1. A log should be maintained of all inter-office movements and requests of hardcopy file documents after they have been scanned and filed.
2. A log should be maintained for all hardcopy documents removed from the file room to be shipped off premises to counties for no-cost Medi-Cal coverage, or any other authorized requesting outside agency.

This will strengthen the physical control over hardcopy documents and further reduce the possibility of documents being mishandled or misplaced.

MAXIMUS Response

The two recommendations have been accepted to better facilitate the tracking of hardcopy documents leaving the file room and subsequently, reduce the possibility of misplacing or losing hardcopy documents. Below are the actions taken to comply with the recommendations:

1. Two measures have been put into action to address the opportunity for improvement raised in Recommendation #1:
 - a. PP 01-11 HFP/AIM File Retention has been created to document inter-office movements and requests of hardcopy file documents.
 - b. A control mechanism has been created to track all documents checked out and subsequently checked back into the file room.
2. To act in accordance with Recommendation #2, WI-01-04-05 CWD Transmittal has been updated to include a control mechanism to maintain and track all hardcopy documents removed from the file room for the purpose of sending to County Welfare Department (CWD) offices. The same control mechanism is also used when applicants request the return of their original documents, in which case the original is sent back as requested and a copy of the original is returned to the file.

Detailed results along with the tests performed are presented in Section Four - Results of this report.

SECTION THREE

Scope and Objective

SECTION THREE – SCOPE AND OBJECTIVE

Scope of the Internal Audit

The scope of this internal audit engagement was to examine the Project's stated controls and procedures developed to meet the provisions of the Project's contract with the MRMIB during the period June 1, 2007 through May 31, 2008.

Description of SPE Functions and Procedures

SPE is meant to uniformly screen applications received by the Project for the Children qualifying for eligibility either in the no-cost Medi-Cal program or the California Healthy Families program. The SPE's functional areas and the related procedures include:

- Mailroom functions:
 - Imaging and assigning document control numbers to all applications and correspondence received
 - Separating monies from applications and correspondence
- Image assembly functions:
 - Searching for existing client records FMN in the case management system which, if found, are used by linking the documents received to the existing FMN. If not found assigning a new FMN and attaching the documents received.
- Data entry functions:
 - Data entry of applications and correspondence
 - Client Index Number (CIN) selection for new applications
 - Income screening for no cost Medi-Cal and Healthy Families Program
- Call back unit and County Liaison staff to process county returns

Through the SPE process, each application is reviewed and the attempts are made to contact the applicant if core data elements for Client Index Number (CIN) selection (date of birth, name and gender) or income information are missing. Once the core data elements are obtained, the SPE function then selects or assigns a CIN.

In addition, the SPE process also establishes Accelerated Medi-Cal Enrollment (AE) where necessary for eligible children, forwards applications and documentation received to the appropriate program, and notifies applicants of outcomes under certain conditions.

The diagram on the next page presents a summary overview of the SPE process. The reference points indicated on the diagram represent the following assertions and control points:

1. All applications received are processed completely.
2. All applications received are processed in a timely manner.
3. Missing information is followed-up with the appropriate number of outreach phone calls.
4. Missing information outreach phone calls are performed within the proper timeframe.
5. A search for existing FMNs is performed before a new FMN is assigned.
6. A MEDS search and a SCI search are performed to assure that the applicant is not already enrolled in a qualified program.
7. Applications are screened to the appropriate program based upon program requirements.

- 8. Applications are processed in the order received.
- 9. All applications screened to CWD are run through a QC process.

SPE Contract Requirements

The SPE processing performed by the MAXIMUS California Healthy Families Project is governed by contract 02MHF026 between MAXIMUS and the State of California Managed Risk Medical Insurance Board (MRMIB).

Internal Audit Objective

The overall objective of this internal audit engagement was to verify that the Project's stated controls and procedures to ensure the rules set out by the contract with the MRMIB regarding the SPE file clearance process were implemented and operational during the period June 1, 2007 through May 31, 2008.

SECTION FOUR

Results

SECTION FOUR – RESULTS

Each area of SPE processing was tested. The components, testing procedures performed and results are listed below.

Assertion	Audit Procedures	Results
Initial Application Processing		
<p>All SPE functions are being performed completely and accurately including:</p> <ul style="list-style-type: none">• initial application processing• record tracking• file clearance• SPE callback functions <p>Data entered is complete and accurate.</p>	<ul style="list-style-type: none">• Observed the mail room processing for the:<ul style="list-style-type: none">▪ Procedures in place to assure that all documents are scanned▪ Assignment and tracking procedures of Document Control Numbers (DCNs)▪ Assignment of document batches and their scanning into the appropriate work queues▪ Procedures for error handling	<p>No relevant exceptions were noted. The procedures observed were consistent with the description listed in the contract.</p> <p>Noted that:</p> <ul style="list-style-type: none">• Batching procedures exist and are in place to assure that all documents received are scanned• Batching procedures assure the assignment and tracking procedures of DCNs• Upon assignment of document batches and their scanning, the documents are placed in the appropriate work queues• Error handling procedures exist for batch quantity differences, unreadable bar codes and unreadable image scans (part of the image assembly process)

Assertion	Audit Procedures	Results
	<ul style="list-style-type: none"> Traced 73 hardcopy documents (selected using a random sample) to the file room assuring they were properly filed and could be located. 	<p>No relevant exceptions were noted. The tests performed confirmed management's description and agreed to the contract.</p> <p>Note that the 73 documents selected for testing were a result of a statistically valid random sample using a random number generator. The sample quantity assumed an infinite population of incoming documents at a 95% confidence level, a 5% error rate in the population, and plus or minus 5% sampling error (sampling error is the component of error that varies from sample to sample i.e. chance variation/chance error). The 73 documents included:</p> <ul style="list-style-type: none"> 21 – HFP/Medi-Cal Joint Applications 6 – AIM Applications 18 – Health-e-App Applications 14 – Missing Information on New Applications 6 – Re-enrollment 8 – Revised Joint Applications
	<ul style="list-style-type: none"> Traced the 73 hardcopy documents selected into the case management system workflow verifying: <ul style="list-style-type: none"> The documents enter the workflow system in the order received The entire scanned image is attached to the DCN 	<p>No relevant exceptions were noted. The tests performed confirmed management's description and agreed to the contract.</p>

Assertion	Audit Procedures	Results
Application Screening for HFP or Full Scope No-Cost Medi-Cal		
<ol style="list-style-type: none"> 1. All applications received are accurately and completely screened for no-cost Medi-Cal in the order they are received. 2. Information required about the applying member is completely obtained. 3. A search for an existing CIN is performed accurately through the system. 4. The SPE specialist accurately and completely performs: <ul style="list-style-type: none"> • SCI search • MEDS search 	<ul style="list-style-type: none"> • Observed SPE specialist procedures noting: <ul style="list-style-type: none"> ▪ Search for existing CIN ▪ SCI search procedures and results ▪ MEDS search procedures and results 	<p>No relevant exceptions were noted. The procedures observed were consistent with the description listed in the contract.</p> <p>Noted that the SPE specialists observed performed a search for an existing CIN and both a SCI and MEDS search on all applications in the work queue using the prescribed methods from the MAXIMUS Work Instruction – WI-03-01-02 File Clearance/CIN Selection/MEDS.</p>
	<ul style="list-style-type: none"> • Observed for procedures and controls used in the screening process including: <ul style="list-style-type: none"> ▪ Screening for no-cost Medi-Cal ▪ Entry of all submitted application information ▪ Performance of the 1st File Clearance ▪ Search procedures for existing FMNs in the system for all applying and non-applying persons 	<p>No relevant exceptions were noted. The procedures observed were consistent with the description listed in the contract.</p> <p>Noted that the procedures observed conformed to the MAXIMUS work instructions:</p> <ul style="list-style-type: none"> • WI-03-01-01 Data Entry • WI-03-01-02 File Clearance/CIN Selection/MEDS <p>Data entry included income documents, qualifying documents and the performance of the 1st file clearance.</p> <p>Search procedures for an existing FMN included all applying and nonapplying persons using child's/parent's first/last name and also gender.</p>

Assertion	Audit Procedures	Results
	<ul style="list-style-type: none"> Verified through examination of records in the system that for applications meeting the requirements for full scope no-cost Medi-Cal: <ul style="list-style-type: none"> Appropriate information was obtained, or outreach calls were made, and/or were scheduled. Evidence exists that the SPE specialist accurately and completely performed SCI and MEDS searches. 	<p>No relevant exceptions were noted. The tests performed confirmed management's description and agreed to the contract.</p> <p>Noted that for applicants eligible for no-cost Medi-Cal, the required information was entered into the system either from the application or from SPE outreach calls (or calls were in process to obtain the required information). Also noted that SCI and MEDS searches had been performed.</p>
	<ul style="list-style-type: none"> Verified correct filing took place where the box indicated "We will send your application to Healthy Kids or a similar county program if your child does not qualify for full Medi-Cal or Healthy Families. If you do not want us to send it, check here" was left unchecked. 	<p>No relevant exceptions were noted. The tests performed confirmed management's description and agreed to the contract.</p> <p>Noted that only applications where the applicant did not check the box #43 "We will send your application to Healthy Kids or a similar county program if your child does not qualify for full Medi-Cal or Healthy Families. If you do not want us to send it, check here" were sent to the County for Healthy Kids or similar county program.</p>
	<ul style="list-style-type: none"> Verified that if the applicant indicated they wanted to apply for Medi-Cal for medical expenses in the last 3 months that a correct selection occurred. 	<p>No relevant exceptions were noted. The tests performed confirmed management's description and agreed to the contract.</p>

Assertion	Audit Procedures	Results
	<ul style="list-style-type: none"> Verified that if the application was screened to no-cost Medi-Cal the appropriate conditions were met. 	<p>No relevant exceptions were noted. The tests performed confirmed management's description and agreed to the contract.</p> <p>Noted that if the application was screened to no-cost Medi-Cal, the following criteria were met :</p> <ul style="list-style-type: none"> Pregnant women (all ages) and children age 0-1 had countable family income at or under 200% of the Federal Income Guidelines (FIG) Children age 1-5 had countable family income at or under 133% of FIG Children age 6-18 had countable family income at or under 100% of FIG Children age 19-20 were applying for benefits Persons age 19 and over are child-linked (parents, stepparents, or caretaker relatives) with income at or below 100% of FIG (Pending Parental Implementation). The applicant opted out of Healthy Families Other members in the household are requesting Medi-Cal (unless the applicant has opted out of Medi-Cal)

Assertion	Audit Procedures	Results
	<ul style="list-style-type: none"> Verified applications were screened to the appropriate program (Medi-Cal or HFP) based on income and family size. 	No relevant exceptions were noted. The tests performed confirmed management's description and agreed to the contract.
	<ul style="list-style-type: none"> Verified that the application screening determination took 4 business days or less. 	No relevant exceptions were noted. The tests performed confirmed management's description and agreed to the contract.
SPE Quality Control Process		
All applications screened to CWD (for no-cost Medi-Cal) at SPE are 100% Quality Control (QC) reviewed before they are forwarded.	<ul style="list-style-type: none"> Reviewed applicable documentation to verify that each application screened to CWD was subject to a QC specialist review. 	No relevant exceptions were noted. The tests performed confirmed management's description and agreed to the contract.
	<ul style="list-style-type: none"> Observed the workflow process verifying the path of the applications screened to CWD. Also verified that applications screened to CWD were forwarded to the Data Entry Lead queue. 	No relevant exceptions were noted. The procedures observed were consistent with the description listed in the contract.
	<ul style="list-style-type: none"> Observed the process for applications screened to the Data Entry Lead queue. 	No relevant exceptions were noted. The procedures observed were consistent with the description listed in the contract.

Assertion	Audit Procedures	Results
Image Assembly		
<p>The specialists accurately links documentation received to the appropriate FMN within a 0-1 day processing time.</p> <p>Images are automatically routed to SPE Data Entry, Eligibility, AER and research work queue as appropriate.</p>	<ul style="list-style-type: none"> Observed the image assembly process verifying the procedures comply with MAXIMUS work instructions. 	<p>No relevant exceptions were noted. The procedures observed were consistent with the description listed in the contract.</p> <p>Noted that:</p> <ul style="list-style-type: none"> Scanned documents are reviewed for legibility and re-scanned if necessary. Documents are matched to client records already in existence in the database if appropriate. Documents are matched to existing FMN/applications if appropriate. If the FMN search concludes that an existing FMN does not exist in the system, an FMN, CIN and App ID are created as appropriate. Applicants are scanned against SCI and MEDS. Associated images are automatically routed to SPE Data Entry, Eligibility, AER and research work queue as appropriate. Documents are processed in the order received into Image Assembly.

Assertion	Audit Procedures	Results
Accelerated Eligibility for Medi-Cal		
Applications are accurately screened for accelerated eligibility for Medi-Cal and forwarded to CWD as appropriate.	<ul style="list-style-type: none"> Observed the SPE screening process verifying that if appropriate conditions exist, applications are forwarded to CWD for Accelerated Medi-Cal coverage. 	<p>No relevant exceptions were noted. Noted that applications and documents are processed in the order received into Image Assembly. Additionally noted that applications are screened to allow for Accelerated Medi-Cal coverage if:</p> <ul style="list-style-type: none"> The child is 18 years or younger in the effective month; The child does not have an Active Medi-Cal case (Share-of-Cost Medi-Cal or No-Cost Medi-Cal); The child has California residency; The child is not on the HFP Bridging program in the month of or the month prior to the date in which AE would be established; The child does not reside in a public institution; The applicant provides enough information to assign a Client Index Number; and The applicant is not a non-custodial parent.
	<ul style="list-style-type: none"> Traced 73 applications selected through the screening process to verify that screening occurred accurately for applications qualified for accelerated eligibility. 	<p>No relevant exceptions were noted. The tests performed confirmed management's description and agreed to the contract. Noted that applications qualified for accelerated eligibility were correctly screened.</p>

Assertion	Audit Procedures	Results
SPE Call Center		
<p>Out bound calls to obtain SPE missing information and retrieving and/or returning voice mail messages left in the Voice Mail System from callers related to CAHFP SPE Activities are performed according to contract requirements. These requirements include:</p> <ul style="list-style-type: none"> At least five (5) Call Back attempts are placed to applicants informing them that missing documentation is needed to enroll in the Health Families Program or for Medi-Cal. Attempts to reach the applicant at varying hours throughout the days including an attempt on Saturday. All calls are required to be documented. All valid retrieved voice mail calls must be documented. All voice mail messages left during and after normal operational hours will be returned the next business day if possible and no later than 2 business days. 	<ul style="list-style-type: none"> For the 73 applications selected for testing where documentation was missing, the call center logs were reviewed for evidence of the proper number of attempts to contact the applicant. 	No relevant exceptions were noted. The tests performed confirmed management's description and agreed to the contract.
	<ul style="list-style-type: none"> For a selected day, reviewed the voice mail messages left and traced them to the call logs to verify that the calls were returned in the appropriate number of days. 	No relevant exceptions were noted. The tests performed confirmed management's description and agreed to the contract.
	<ul style="list-style-type: none"> Obtained a sample of MI (Missing Information) applications and traced them to the call center logs for evidence of the proper number of attempts to contact the applicant. 	<p>No relevant exceptions were noted. 20 MI applications were traced to the call center logs noting evidence of the proper number of attempts within the appropriate time period.</p> <p>At least five (5) Call Back attempts (until contact was made) were placed to applicants informing them that missing documentation is needed to enroll in the Health Families Program or for Medi-Cal. Noted that attempts to reach the applicant were performed at varying hours through out the day including Saturday.</p> <p>The tests performed confirmed management's description and agreed to the contract.</p>